



22 APR 1968

The Honorable Richard B. Russell, Chairman
Committee on Armed Services -
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

I am writing in the interest of keeping you fully informed on the status of annuitants under the Central Intelligence Agency Retirement and Disability System. We previously corresponded on this subject in the fall of 1967.

There is an increasing gap between the Civil Service and CIA retirement systems with respect to adjustment of annuities resulting primarily from differing cost-of-living formulas. On 1 May 1968 this gap will amount to 12.2 percent in the case of 1965 retirees, 9 percent for 1966 retirees, and 3.9 percent for 1967 and some 1968 retirees. There is no possibility of further adjustment under the CIA system until 1 April 1969, and there is a strong possibility that the gap will widen. Knowledge of this gap inevitably has an adverse effect on the morale of annuitants and participants in the CIA system.

Proposed legislation to correct this situation was transmitted to the Congress last year. Subsequently Mr. Philbin introduced H.R. 13705, which includes the cost-of-living adjustment and other provisions designed to bring the CIA retirement system up to date with other major Federal retirement systems. The cost-of-living adjustment has the highest priority, and therefore it may be preferable to consider it alone and defer the related matters.

I should greatly appreciate your advice and guidance as to whether you think it preferable to proceed with the bill which Mr. Philbin introduced or to pursue only the cost-of-living adjustment at this time.

Distribution:

0 & 1 - Adse
1 - DDCI
1 - ER
1 - D/Pers
1 - OLC w/basic

OLC/LLM/rw (9 April 1968)

Rewritten: OLC/LLM/rw (16 April 1968)

Rewritten: ExDir:LKW:tri (18 April 1968)

Respectfully,

Richard Helms
Director